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In the
SUPREME COURT OF THE UNITED STATES
October Term 2008

CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC

Petitioner,

v.

TELESYS COMMUNICATIONS, LLC, *et al*
Respondents

PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

1. May the Federal Circuit properly decline to affirm the district court on the ground specified below, namely, the October 15, 1990 contract, and instead affirm on a ground not reached by the district court, namely, experimental sales?
2. May the Federal Circuit, in reviewing the grant of summary judgment, refuse to "pierce the pleading and to assess the proof in order to see whether there is a genuine need for trial"?
3. May the Federal Circuit, in reviewing the grant of summary judgment, credit a pleading that is "overwhelmingly contradicted by the proof available?"
4. "Where the evidentiary matter in support of the [summary judgment] motion does not establish the absence of a genuine issue," must the motion be denied, "even if no opposing evidentiary matter is presented?"
5. May summary judgment be granted to AT&T when it is genuinely disputed whether Petitioner's predecessor knew or should have known that AT&T lied when it said it had no interest in the invention it had reviewed when in fact it was interested but

failed to communicate that interest to the owner of the invention?"

CORPORATE DISCLOSURE

Petitioner, Cygnus Telecommunications Technology, LLC, is a Delaware Corporation. There are no parent corporations. No publicly held company owns 10% of Cygnus Telecommunications Technology, LLC.

PARTIES TO THE PROCEEDING

Petitioner:

Cygnus Telecommunications Technology, LLC,

Respondents:

Telesys Communications, LLC,

and

United World Telecom, L.C.,

and

World Link Companies,

and

A.M.S. Voicecom, Inc.,

and

Interactive Media Technologies, Inc. (doing
business as GlobalTel),

and

Voiceware Systems Corporation, Dial-Thru
International, International Telecom, Ltd.,
Kallback, Inc., and Globalphone Corp.,

and

Americom Communications and Americom, Inc.,

and

AT&T Corp.,

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PETITION FOR A WRIT OF CERTIORARI

Cygnus Telecommunications Technology, LLC.
prays for a writ of certiorari to the Federal Circuit
in this patent case.

OPINION BELOW

Appendix A is the August 19, 2008 Federal
Circuit decision.

JURISDICTION

The judgment of the Court of Appeals was filed
August 19, 2008. The denial of the Petition for
Rehearing was filed October 7, 2008. This petition
is not filed under S. Ct. R. 11; jurisdiction is under
28 U.S.C. § 1254(1). Fed. R. Civ. P. 29.4(a) and S.
Ct. R. 29.4(c) are not applicable.

STATUTORY PROVISION INVOLVED

Statute: 35 U.S.C. §102(b): A person shall be
entitled to a patent unless—

* * *

(b) the invention was . . . in public use or on sale in this
country, more than one year prior to the date of application
for patent in the United States.

STATEMENT OF THE CASE

These cases were all filed by Petitioner in many district courts and transferred to the United States District Court for the Northern District of California for "coordinated or consolidated pretrial proceedings." More than 100 accused infringers have been sued by Petitioner since the first of the two patents owned by Petitioner was granted in 1999, and all but one have been transferred to District Judge Ronald M. Whyte. The one exception was settled during trial in New Jersey in 2001. Most have been settled, and these cases, originally filed in district courts from Seattle to Miami, are all that remain after nearly a decade of litigation.

On November 21, 2006, a consolidated claim construction hearing and several different motions for summary judgment were heard. All motions for summary judgment were denied except the one filed under 102(b).

That motion was based upon a claim that the inventor had made a commercial offer for sale and the invention was ready for patenting more than one year before filing the original patent application under *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998).

The invention relates to international call-back, in which international telephone calls are originated from the United States, where carrier costs for international telephone calls are low. A service provider in the United States provides a trigger to the subscriber to request a call-back when the subscriber wishes to make an international call. The service provider calls the subscriber back and calls the destination, both at low U.S. telephone rates. The two outbound calls are bridged, enabling subscriber and destination to communicate. The cost of the two outbound calls from the United States is much less than the cost of a single call from the subscriber to the destination at the high foreign telephone company rates.

The motion was grounded entirely on the testimony of the inventor in his 2006 deposition and in his 1997 declaration filed in the Patent and Trademark Office (PTO). Dr. Alleman, an economist, had done research in the economics of international telephone services and had become acquainted with Theo Brenner in Switzerland and Fadi Ganhdour in Jordan. In 1989, Dr. Alleman had an engineer build a prototype "stand-alone box" (A-23) for international call-back. To determine whether the prototype would work, Alleman contacted Brenner and Ganhdour and asked them to participate in experiments for international calls (A-24). Both agreed to "keep this experimental testing in confidence" (A-24). "I always considered

these individuals as testers or evaluators of the system" (A-51). Each tester agreed to pay Alleman's direct costs for carrier expenses for the two outbound calls, which were less than the cost of calling the destination from the home country (A-51). There was no charge for the switching services.

The tests showed the stand-alone system was slow, unreliable and expensive. In early 1990, Alleman abandoned the stand-alone box and tried a personal computer (PC) equipped with cards to electronically perform switching functions. The PC would identify an incoming signal by area code and number, which lowered costs. A direct inward dial (DID) number would be assigned to each subscriber to trigger a call-back, to save costs.

Alleman needed computer software in his PC in order to perform these functions, and he hired James Gunther to develop software (A-48). In the summer of 1990, the software was installed on the prototype PC. Testing was again done by Alleman with Brenner and Ganhdour to see whether the programmed PC would work (A-50). Numerous problems arose, but eventually the prototype could be used for two simultaneous calls to two testers. A commercial service could not be run from the prototype PC in Alleman's apartment (A-42). If there were more than two beta testers, "they would collide and . . . not get service, calls would be dropped, and they couldn't get the dial tone and so

forth" (A-49). "Certainly, the 386 embodiment was very experimental and was not commercial. . . . it could not scale up, it didn't have the redundancy, of either the computer or even power features that would admit a lot more lines into the system. There was just no way that that could have become commercial, as I saw it" (A-49). Alleman "understood that the functionality would work for one or two customers [but] . . . the big issue was whether or not we could expand that to 10, 20, or go into some kind of commercial basis up to 100 or 1,000 customers, and we couldn't tell whether scaling would work until we went . . . to a larger number of units" (A-50).

Alleman made a presentation on October 15, 1990 to Call Interactive, a joint venture between AT&T and American Express that gave recorded responses to inquiries from American Express cardholders. Call Interactive had "a set of 386 computers and voice response units . . . networked together" (A-54) to handle many simultaneous inquiries from such customers. Alleman needed "redundancy to scale up the operation; you need power backup to scale the operation; you need 24/7 people to ensure that the service is performing as expected, and can correct problems as they develop" (A-55). Call Interactive had these features necessary for reduction to practice.

The October 15, 1990, presentation was subject to a confidential disclosure agreement (A-26), showing that the presentation was not a public disclosure. In February 1991, the parties reached an agreement for Call Interactive to launch a commercial international call-back service in April 1991. The actual "turn-up" date was April 25, 1991 (A-31), which was after the critical date of a year before patent filing.

Respondents argued that because Alleman had charged Brenner and Ganhdour for the direct costs borne by Alleman for connecting tester to destination, there was a commercial offer for sale. Respondents had taken the deposition of Alleman and knew all the details about testing with Brenner and Ganhdour. However, in the motion for summary judgment, all mention of testing and experimental use was withheld.

Respondents had no evidence that the tests were "commercial rather than experimental in character" under *Pfaff* at 67. Alleman never testified that his testing was "commercial rather than experimental." Neither Brenner nor Ganhdour were called to testify regarding the character of the testing. No witness of any kind testified that there was a commercial offer for sale.

The District Court did not accept Respondents' argument that commercial sales were made to

Brenner and Ganhdour. It explicitly did "not reach defendants' argument that Alleman's activity in providing services to individuals according to the method and system claimed in the patents-in-suit using the 386 system was a public use of the claimed invention" (A-21, note 15).

The Federal Circuit addressed the issue not reached below and found that Alleman's services to Brenner and Ganhdour were commercial "because Mr. Alleman had charged users of the 386 system for the calls they made using that system" (A-4), and "[b]ecause the 386 system embodied the claims, sales relating to the use can constitute an invalidating commercial sale" (A-8). The Court of Appeals rejected the argument that Brenner and Ganhdour "were merely 'beta testers,' [because] the district court properly concluded that in light of the undisputed evidence that they paid to use the 386 system, there was a sale of the service" (A-8-9).

The Federal Circuit substituted its view that the relationship was commercial when in fact, the District Court made no such finding. The Federal Circuit read note 15 as relating to public use (A-12), an issue different from "commercial rather than experimental in character."

The Federal Circuit said that Respondents urged affirmance of findings of "invalidity on the alternative ground of public use" (A-12), but it

declined to address what it regarded as an alternative issue unrelated to “commercial rather than experimental.”

There was no “alternative ground” advanced in Respondents’ motion. Where the District Court did not reach the issue of commercial or experimental, the Court of Appeals cannot decide that it was commercial.

The District Court found a commercial offer for sale under *Pfaff* in the October 15, 1990 confidential disclosure agreement without examining the contract itself (A-26–30). The contract was described in the 1994 Alleman declaration (A-25). It was later mischaracterized in the Alleman declaration in the PTO in 1997: “On October 15, 1990, I entered into a confidential disclosure agreement with Call Interactive regarding implementing and marketing my invention” (A-40).

The agreement itself overwhelmingly contradicts the 1997 declaration statement that it was “regarding implementing and marketing my invention” (A-40). The 1994 Alleman declaration correctly said that “Call Interactive had the telephone infrastructure we desired as a platform for implementing the fully-functioning portion of the invention. This was a confidential relationship” (A-25). The agreement itself shows no mention of

implementing and marketing an invention. It was merely a confidential disclosure agreement, frequently entered into by parties contemplating "a prospective business relationship" (A-27).

The District Court assumed that the 1997 declaration was accurate and quoted "regarding implementing and marketing the invention" (A-20). Based solely upon that inaccurate statement, unsupported by the October 15, 1990, agreement, the District Court found that "Alleman, therefore, had clearly entered into a contract for the marketing and sale of the alleged invention before the critical date" (A-20). The District Court did not pierce the pleading of the 1997 declaration to assess the proof in the October 15, 1990, agreement. This was the first error.

The Federal Circuit did not address the question of whether the October 15, 1990, agreement was a commercial offer for sale under *Pfaff*, presumably because the agreement shows on its face that it has nothing to do with marketing and sale of the invention. The lower court's finding of fact was clearly erroneous. Rather than assess the proof, the Court of Appeals said, "we do not need to reach the portion of the district court's opinion addressing the legal effect, for validity purposes, of the agreement between Paragon and Call Interactive" (A-4-5). Whether or not the confidential disclosure agreement was for

“marketing and sale of the alleged invention” was not a legal conclusion about “legal effect.”

A second error in the 1997 declaration relates to reduction to practice. The 1994 Alleman declaration accurately stated that “an engineer and software developer [was] hired to implement my invention. As evidence of this development [is a] letter dated June 27, 1990 to Mr. James Gunther regarding the development and specifications of the ‘router’ portion of the design” (A-24). The letter “gives more specifications on ‘the router’ and the functionality it should have” (A-32). Alleman asked Gunther to prepare software meeting Alleman’s specifications. Until appropriate software was installed and the prototype tested to see if it worked, the invention could not be reduced to practice.

The 1997 declaration is a complete contradiction of the 1994 declaration. The 1994 declaration accurately stated that on “April 25, 1991, the present invention was placed in public and commercial use” (A-25). It was also accurate in stating in the next paragraph that between April 1990, the time when “software development” began and “activation of the service . . . on April 25, 1991, some public, experimental use was conducted” (*id.*). The 1997 declaration was inaccurate in stating, “I reduced to practice the invention of the claims before June 27, 1990” (A-39). The same paragraph

6 states "I needed software to implement the steps and system of my invention" (A-39) which contradicts the first sentence of the paragraph that stated that the invention was already complete and reduced to practice. Paragraph 23 of the 1997 declaration (A-39) also contradicts the first sentence of paragraph 6 by stating that the "software I asked Mr. Gunther to prepare was completed by about September, 1990." If the software needed to implement the invention was not completed until September 1990, then the invention could not have been reduced to practice "before June 27, 1990," as the first sentence states. The first sentence is clearly mistaken.

Alleman explained the error in his deposition in 2006. There was "some misunderstanding" regarding reduction to practice (A-52). This term of art 'reduced to practice' was not what I intended it to be. . . . This is a legal definition that doesn't fit what I had done" (A-53).

The District Court did not pierce the pleading of the 1997 declaration to assess the proof. Rather, it assumed that the invention was reduced to practice before June 27, 1990, and held the patents invalid because June 27, 1990 was before the critical date.

The District Court also held that the reasons given for the error of "reduction to practice" by

Alleman in his deposition was not a "satisfactory explanation" (A-18).

The Court of Appeals found that "the use of the 386 system by Mr. Brenner and Mr. Ganhmour . . . constituted a reduction to practice [before the critical date]. Most crucially, . . . Mr. Alleman admits that before June 27, 1990, he 'had built a system that the idea would work, but not necessarily commercially,' thereby confirming the statement made in the 1997 Alleman declaration that his invention was reduced to practice" (A-7). The District Court did *not* find tests with Brenner and Ganhmour to be commercial. Testing with experimenters is *not* a reduction to practice.

When asked whether the statement in the 1997 declaration was true that Alleman had reduced his invention to practice in 1990 (A-52), he testified, "You can't answer that question with a yes or no answer, the functionalities were there, but incomplete in the sense that you had dropped calls, you had incomplete signaling, . . . you weren't always able to seize the second outbound trunk. But, *in concept*, with refinement, the functionality was there, so I was convinced at that time that *it could be built*. . . Yes, I had built a system that the idea would work, but not necessarily *commercially*, but the *idea* of being able to employ DIDs et cetera. But . . . that didn't mean the quality was there; it didn't mean there weren't problems, and it didn't

mean that it was scalable to a *commercial* application" (A-53-54, emphasis supplied).

Alleman had a concept, not a reduction to practice. The future tense in "it could be built" in the future shows that it was not complete before June 27, 1990. On that date, it was merely an idea, not a commercial application. "Reduction to practice" means a commercial application for public consumption, not an experiment to work out the problems.

This testimony about the concept clearly does not show that the invention was ready for patenting before June 27, 1990. On that date, Gunther was given the specifications for the software needed to make the router work. There could not possibly have been an invention ready for patenting before the necessary software was even developed. Gunther testified that even after he had developed the software, the invention was not reduced to practice (A-42).

The Federal Circuit concluded that "we agree with the district court that Cygnus is bound by the statements that Mr. Alleman made in his declaration to the PTO" (A-7). The appellate court, like the lower court, looked only to the 1997 pleading, and it failed to pierce the pleading in order to assess the underlying proof.

ARGUMENT

The parties, the district court and the court of appeals agree that *Pfaff* controls the 102(b) issue here. *Pfaff* differs from this case in that in *Pfaff*, there had been a "full evidentiary hearing before a Special Master" (at 59), not a motion for summary judgment. *Pfaff* set forth two prongs both of which must be satisfied before the critical date to hold that a patent is invalid.

First, there must be a commercial offer for sale of the invention to the public. A private, confidential sale for experimental purposes to perfect the invention does not qualify. In *Pfaff*, there was "no question that the sale was commercial rather than experimental in character" (at 69).

Second, the invention must be ready for patenting. This may be satisfied in at least two ways: 1) by proof of reduction to practice before the critical date or 2) "by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention" (at 67-68).

Piercing the pleading to assess the proof is simply an application of the Federal Rules of Evidence to the Rule 56. Rule 56(e)(1) requires

that an "affidavit must be made on personal knowledge, set out facts that would be admissible in evidence, and show that the affiant is competent to testify on the matters stated."

Rule 102 sets the goal that "truth may be ascertained and proceedings justly determined." Rule 402 states that all "relevant evidence is admissible." Relevant evidence is defined in Rule 401 as that which has any "tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence."

Rule 602 provides that a "witness may not testify to a matter unless evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter."

Rule 703 provides that an expert may base an opinion or inference on facts perceived by or made known to the expert at or before the hearing. If the evidence is "of a type reasonably relied upon by experts in a particular field," it need not be admissible in evidence. The Rule 703, Advisory Committee Note in 1972 proposed Rule states that opinions may be derived from three possible sources of facts: (1) "firsthand observation" by the witness; (2) "presentation at the trial;" and (3) "presentation of data to the expert outside of court and other than his own perception."

Applying these Rules to the fact issues here:

1. THE OCTOBER 15, 1990 AGREEMENT

In the 1994 declaration in the PTO, Alleman stated of his own personal knowledge that the agreement showed: (1) a "confidential relationship" with Call Interactive (A-25) and (2) the date when "discussions began between myself and Call Interactive" (A-25). The fact that "Call Interactive was hired as a mere implementer of the present invention" (A-25) was not proved by the agreement, which made no mention of hiring Call Interactive. Hiring came later.

The 1997 declaration mistakenly characterized the agreement as "regarding implementing and marketing my invention" (A-40), when it was not. The agreement to implement and market the invention was reached in 1991. The two pleadings in the PTO did not purport to be affidavits in support of the Respondents' motion for summary judgment under Rule 56(e)(1). It is an inference, not a fact, that the October 15, 1990 agreement showed either that "Call Interactive was hired" (in 1994 declaration) or that Call Interactive would implement and market the invention (in 1997 declaration). The verbs "hire," "implement," and "market" appear nowhere in the agreement. The truth regarding *when* Call Interactive was hired or when it implemented or marketed the invention,

cannot be ascertained in this action from either reliance upon the 1994 or the 1997 declaration. The agreement is not relevant evidence as to whether Call Interactive undertook any obligations on October 15, 1990, to implement or market the Alleman invention.

The only witnesses competent to testify as to any duties involving implementing and marketing of the invention on October 15, 1990, are Alleman, Anderson (or another Call Interactive witness with personal knowledge), and any expert to whom the facts were made known. No witness has testified that the agreement was for implementing, marketing, or sale of the invention.

Fed. R. Civ. P. 56(c) requires the moving party to "show that there is no genuine issue as to any material fact." There is no pleading, discovery and disclosure material on file, and no affidavit to prove that Call Interactive undertook on October 15, 1990, to implement and market the invention. Therefore, Respondents failed to carry their burden to show no issue of fact. The Federal Circuit did not address the October 15th agreement.

2. EXPERIMENTAL USE

The only witnesses with personal knowledge who could testify in this action regarding whether

the activity with Brenner and Ganhdour was "commercial rather than experimental in character" were Alleman, Brenner, Ganhdour, or an expert to whom the facts were made known. There is no relevant evidence proving a commercial offer for sale. It is an inference that Brenner or Ganhdour were commercial customers. "[O]n summary judgment the inferences to be drawn from the underlying facts contained in [the moving party's] materials must be viewed in the light most favorable to the party opposing the motion. *Adickes* at 158-59" *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986) at 255. Respondents proffered no expert inference.

3. REDUCTION TO PRACTICE

No witness with personal knowledge testified in these actions that the invention was reduced to practice before the critical date. Disclosure of the concept to Call Interactive is not a reduction to practice. Alleman testified that the invention was not reduced to practice before the critical date and that the 1997 declaration to the contrary was erroneous. Gunther corroborated the Alleman testimony. No inference of reduction to practice may be drawn in favor of Respondents on summary judgment. The 1997 declaration is internally inconsistent as proof of reduction to practice, since it states that software from Gunther was needed to

reduce the invention to practice. There is no contrary evidence.

QUESTION 1

May the Federal Circuit properly decline to affirm the district court on the ground specified below, namely, the October 15, 1990 contract, and instead affirm on a ground not reached by the district court, namely, experimental sales?

Because the district court did not reach the question of whether "activity in providing services to individuals" Brenner and Ganhdour was commercial or experimental (A-21), the Federal Circuit may not affirm the grant of summary judgment on the ground that such activity was commercial.

The district court grounded its finding of a commercial offer for sale on the pleading in the 1997 declaration, and not on the underlying proof of the October 15, 1990, contract. The Federal Circuit did not reach the question of whether the October 15, 1990, contract invalidated the patents because of being a commercial offer for sale.

The Court of Appeals found that commercial offers for sale must have been provided to Brenner and Ganhdour because (1) they were "paying users" of the product (A-3); (2) "sales relating to [386

system] use can constitute an invalidating commercial sale" (A-8); and (3) "the district court properly concluded that in light of the undisputed evidence that [Brenner and Ganhdour] paid to use the 386 system, there was a sale of the service" (A-9). These three interpretations of the findings of the District Court fail to defer to the actual decision of the lower court, which was that it did not reach the issue of whether those services were "commercial rather than experimental in character."

The Court of Appeals set aside the District Court's decision not to reach the commercial/experimental issue without finding it "clearly erroneous." This Court has previously reviewed a Federal Circuit decision that failed to mention Rule 52(a). In *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (U.S. 1986), the District Court made extensive findings after trial and held that the patents were invalid because the invention would have been obvious at the time it was made. The Federal Circuit reversed in *Panduit Corp. v. Dennison Mfg. Co.*, 774 F.2d 1082 (Fed. Cir. 1985), expressing criticism of many of the findings made by the District Court, but never holding that any finding was clearly erroneous.

Without allowing the parties the opportunity to brief and argue the matter, this Court in *Panduit* granted the petition, vacated the Federal Circuit

judgment, and remanded for further consideration in light of Rule 52(a).

Here, the Federal Circuit substituted its view of whether providing services to Brenner and Ganhmour was "commercial rather than experimental in character" for that of the District Court without finding clear error below. The District Court found a commercial offer for sale in the October 15, 1990 agreement with Call Interactive. The Federal Circuit did not set aside the finding as clearly erroneous and instead declined to address the October 15, 1990, agreement. That agreement was expressly "confidential," (A-27) and was not a public sale document.

QUESTION 2

May the Federal Circuit, in reviewing the grant of summary judgment, refuse to "pierce the pleading and to assess the proof in order to see whether there is a genuine need for trial?"

The Advisory Committee Note to the 1963 Amendment to Fed. R. Civ. P. 56(e) states: "The very mission of the summary judgment procedure is to pierce the pleadings and to assess the proof to see whether there is a genuine need for trial." Here, the district court read the 1997 declaration as stating that the October 15, 1990, contract was

“regarding implementing and marketing my invention,” but it did not look beyond the pleading in the PTO to see whether the proof supported the conclusion. The Federal Circuit did not address the issue of whether the October 15, 1990, contract was a commercial offer for sale (A-4-5), so it did not pierce the pleading and assess the proof of a commercial offer for sale.

As to “reduction to practice,” the Federal Circuit had no proof that the invention was reduced to practice by sales to Brenner and Ganhdour. The District Court did not find that transactions with Brenner and Ganhdour were reductions to practice.

The District Court looked at the conclusion in the 1997 declaration that “I reduced to practice the invention of the claims” (A-17) without assessing the proof of what took place on or before June 27, 1990, violating the “very mission of the summary judgment procedure.”

Whether the explanation that Dr. Alleman did not know what “reduced to practice” meant in 1997 when he signed the declaration is “satisfactory” is not a determination to be made by the District Court or by the Court of Appeals. It is a fact to be determined by a “reasonable juror.” Both the district court (A-18) and the Federal Circuit (A-7) relied upon this Court’s decision in *Cleveland v. Policy Mgmt. Sys. Corp.*, 526 U.S. 795, 807 (1999).

Cleveland involved a “legal conclusion” as is “reduced to practice”. Neither the District Court nor the Federal Circuit addressed the holding in *Cleveland*. “To defeat summary judgment that explanation must be sufficient to warrant a reasonable juror’s concluding that, assuming the truth of, or the plaintiff’s good faith belief in, the earlier statement.” “The parties should have the opportunity in the trial court to present, or to contest, these explanations, in sworn form where appropriate. Accordingly, we vacate the judgment of the Court of Appeals and remand the case for further proceedings consistent with this opinion.”

The explanation that Dr. Alleman did not understand the term of art should be presented, or contested, in the trial court. A “reasonable juror” almost certainly would not understand the legal conclusion “reduced to practice.” While the trial judge found the explanation unsatisfactory, he was not viewing the issue from the viewpoint of a reasonable juror. A reasonable juror’s findings are not to be decided on summary judgment.

The Alleman deposition makes it clear that the 1997 declaration statement was made “in error because I didn’t understand the term of art. . . . [R]educing to practice is not what I had done in that time period.” Reduced to practice “is a legal definition that . . . doesn’t fit what I had done” (A-53). There is no contrary evidence, and the 1997

declaration is merely a pleading, not proof of reduction to practice. It states an erroneous legal conclusion unsupported by any evidence. The fact of reduction to practice must be proved by evidence, not a conclusory declaration in the PTO.

QUESTION 3

May the Federal Circuit, in reviewing the grant of summary judgment, credit a pleading that is "overwhelmingly contradicted by the proof available?"

The Advisory Committee Note to the 1963 amendment to Rule 56(e) also "recognizes that, despite the best efforts of counsel to make his pleadings accurate, they may be overwhelmingly contradicted by the proof." The erroneous statement in the 1997 pleading that Dr. Alleman "reduced to practice the invention" is overwhelmingly contradicted by the proof.

The 1994 declaration and the letter from Call Interactive (A-31) prove that the invention "was placed in public and commercial use" on April 25, 1991 and thus the 1997 declaration, which cites no proof at all, is "overwhelmingly contradicted" by the earlier declaration. June 27, 1990, was when Gunther was given specifications for the router portion of the invention (A-32-37) in order to prepare software. The invention could not have

been reduced to practice before the software was prepared. Gunther explained that the "invention was not reduced to practice when the software was developed (A-42). Gunther's testimony and the June 27, 1990 instructions "overwhelmingly contradict" the 1997 declaration.

Applying the *Cleveland* rule to the explanation of the legal conclusion "reduced to practice" in this case, the judgment of the Federal Circuit must be vacated and remanded for further proceedings to determine whether the explanation is reasonable.

QUESTION 4

"Where the evidentiary matter in support of the motion does not establish the absence of a genuine issue," must the motion be denied, "even if no opposing evidentiary matter is presented?"

The 1963 Rule 56(e) note continues: "Where the evidentiary matter in support of the motion does not establish the absence of a genuine issue, summary judgment must be denied even if no opposing evidentiary matter is presented." This language was quoted and followed by this Court in *Adickes v. S. H. Kress Co.*, 398 U.S. 144, 160 (1970).

Here, Respondents failed to show that (1) there was no issue regarding whether the October 15, 1990, contract was a commercial offer for sale, (2) whether Brenner and Ganhdour were commercial customers, or (3) whether the invention was reduced to practice before June 27, 1990. Even if Petitioner had presented "no opposing evidentiary matter," the failure of the moving party to carry the initial burden requires denial of summary judgment under *Adickes* and the Advisory Note.

The Federal Circuit expressly found that *Adickes* does not control here, and that "more recent Supreme Court cases regarding the summary judgment standard make clear that" the Advisory note and *Adickes* do not control, citing *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986) (at A-10). Under *Celotex*, the "burden of production therefore fell on Cygnus to set forth specific facts to show that there was a genuine issue of material fact in the case" (A-10).

The Federal Circuit said that in "deciding procedural issues not affecting substantive patent law principles, such as issues relating to district court summary judgment procedures, we look to the law of the regional circuit where the case was tried. In this case, the governing regional circuit law is the law of the Ninth Circuit" (A-5).

Nissan Fire & Marine Insurance Co. v. Fritz Companies, Inc., 210 F.3d 1099, 1102 (9th Cir. 2000), cited by the District Court and by Petitioner, held that the “initial burden of production refers to the burden of producing evidence, or showing the absence of evidence, on the motion for summary judgment.” “We recognize that [*Adickes* and *Celotex*] have caused some confusion in the lower courts, and that some academic commentators consider them to be inconsistent. However, we are constrained to treat the cases as consistent, for the Supreme Court in *Celotex* explicitly relied upon and distinguished *Adickes* rather than overruling it” (at 1103, footnote and citations omitted). The Federal Circuit judgment is directly contrary to the Advisory Note, to this Court’s *Adickes* decision, and to the controlling Ninth Circuit case of *Nissan Fire*. The judgment below must be vacated because Respondents failed to show there is no genuine issue.

QUESTION 5

May summary judgment be granted to AT&T when it is genuinely disputed whether Petitioner’s predecessor knew or should have known that AT&T lied when it said it had no interest in the invention it had reviewed when in fact it was interested but failed to communicate that interest to the owner of the invention?”

In 2006, Respondent AT&T moved for summary judgment that the Petitioner's claim against AT&T was barred by the statute of limitations. In 1996, Paragon sent to AT&T the Alleman patent application containing the claims (later patented) seeking to arrange a license or other business arrangement. The patent application was in confidence in the PTO (35 U.S.C. § 122). AT&T reviewed the patent application and rejected the proposal to use the invention (A-59) stating that the patent application "does not contain any novel features which are of present interest to AT&T" (A-59).

While AT&T was reviewing the patent application, Paragon (Alleman's company) received an article indicating that AT&T was "planning to utilize international call-back" (A-60). There were other international call-back systems in use, but only the Alleman system used computers for identifying subscribers and for switching. It was also the only one that used DID numbers and was low in cost. AT&T did not indicate which system it adopted in 1996 until 2005 when counsel admitted in open court that AT&T used "exactly the same technology" as claimed in the Alleman patents (A-57). AT&T alleged that there was no issue of material fact as to whether Paragon knew, or should have known, that AT&T used the Alleman invention in 1996. However, two months after

Paragon received word of AT&T's intent (A-60), AT&T told Paragon it had no "present interest" in the invention (A-59). AT&T never indicated to Paragon that its asserted lack of interest was not the truth. There is no evidence that AT&T disclosed to Paragon its intent to use the Alleman invention, as opposed to another call-back system, at any time. The District Court held that Paragon had a duty to inquire whether AT&T used the Alleman invention. The inquiry submitting the patent application to AT&T in 1996 was not held to satisfy that duty. The court intimated that Paragon should have sued AT&T in 1996, when Deborah Mays reported the AT&T plan to Paragon (A-60).

The District Court and the Federal Circuit accepted the motion, unsupported by any proof that Paragon knew, or should have known, that AT&T misappropriated the invention in 1996. Neither court acted to "pierce the pleading and to assess the proof in order to see whether there is a genuine issue for trial," as the Advisory Note requires. What Paragon knew is a fact, and that fact is disputed and capable of proof before a jury. Each court inferred, without proof that Paragon knew AT&T was lying when AT&T said it had no interest in the invention (A-59). As this Court said in *Adickes*, "[o]n summary judgment, the inferences to be drawn from the underlying facts contained in [the moving party's] materials must be viewed in the

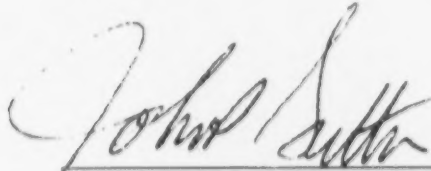
light most favorable to the party opposing the motion" (at 158-59), quoted in *Anderson* (at 248). A jury should be allowed to decide whether Paragon knew before 1999 that AT&T was using the invention even though AT&T said in 1996 that the invention was of no "present interest to AT&T." The judgment of the Federal Circuit should be vacated and the case remanded for trial of the disputed fact issue.

CONCLUSION

Petition should be granted because the Court of Appeals failed to pierce the pleading and to assess the proof as required by the Advisory Note to the 1963 amendment to Rule 56(e). It failed to acknowledge that Respondents, as moving parties on summary judgment, had the initial burden to show the absence of genuine issues of material fact, and failed to follow this Court's precedents. The Court of Appeals has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of the Court's supervisory power.

Dated: January 13, 2009

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "John P. Sutton". The signature is written in dark ink and is positioned above a horizontal line.

JOHN P. SUTTON

Attorney at Law

2421 Pierce Street

San Francisco, CA 94115-1131

Telephone: (415) 929-7408

Attorney for the Petitioner

APPENDIX

Appendix A: Federal Circuit Decision, August 19, 2008

Appendix B: District Court Decision, March 30, 2007

Appendix C: Federal Circuit Denial of Rehearing and a Hearing En Banc, October 7, 2008

Appendix D: Declaration of Alleman and attachments, June 2, 1994

- Confidential Disclosure Agreement, October 15, 1990
- Letter re Turn-up date, March 6, 1991
- Letter from Alleman to Gunther, June 27, 1990

Appendix E: Declaration of Alleman, March 11, 1997

Appendix F: Declaration of Gunther, February 13, 2002

Appendix G: Federal Circuit Order, January 22, 2008

Appendix H: Deposition of Alleman, September 8, 2006

Appendix I: Transcript before Judge Whyte, January 21, 2005

Appendix J: Letter AT&T to Paragon, October 21, 1996,

Appendix K: Email Mays to Wyatt, August 22, 1996

APPENDIX A

Federal Circuit Decision, August 19, 2008

United States Court of Appeals for the Federal
Circuit

20, -1329, -1330, -1331, -1332, -1333, -1354, -1361
IN RE CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC, PATENT LITIGATION

CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC,

Plaintiff-Appellant,

v.

TELESYS COMMUNICATIONS, LLC, et. al.
Defendants-Appellees

2008-1023

IN RE CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC, PATENT LITIGATION

CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC,

Plaintiff-Appellant,

v.

AT&T CORP.,

Defendants-Appellees.

Appeal from the United States District Court for
the Northern District of California, in M:02-CV-
01423, case no. 04-CV-4247, Judge Ronald M.
Whyte.

DECIDED: August 19, 2008

Before NEWMAN and BRYSON, Circuit Judges,
and POGUE, Judge. * BRYSON, Circuit Judge.

* * *

Page 1

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III

The district court ruled, on summary judgment, that the '964 and '027 patents are invalid under the on-sale bar of 35 U.S.C. § 102(b). The district court's ruling was based on Mr. Alleman's sale of the 386 system to paying users and the commercialization agreement that Paragon and Call Interactive entered into before the critical date for both patents, April 24, 1991. The district court determined that the 386 system had been reduced to practice based on Mr. Alleman's sworn declaration to the Patent and Trademark Office

("PTO") in which he stated, "I reduced to practice the invention of the claims before June 27, 1990." The court relied on that representation after concluding that Cygnus had presented no satisfactory explanation for why that statement should be disregarded. In addition, the court noted that the declaration contained facts sufficient to support that conclusion.

The district court also rejected Cygnus's argument that the use of the 386 system prior to the critical date fell within the "experimental use" exception to the public use or on-sale bar of section 102(b). In so ruling, the court relied on this court's decisions

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holding that the experimental use exception is not available after an invention has been reduced to practice.

Finally, the district court concluded that because Mr. Alleman had charged users of the 386 system for the calls they made using that system, he engaged in a "sale" of the service within the meaning of section 102(b) even if he did not make a profit on the transactions. For the reasons below, we affirm the district court's holding with respect to the 386 system. Accordingly, we do not need to reach the portion of the district court's opinion addressing the legal effect, for validity purposes, of

the agreement between Paragon and Call Interactive.

* * *

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* * *

In deciding procedural issues not affecting substantive patent law principles, such as issues relating to district court summary judgment procedures, we look to the law of the regional circuit where the case was tried In this case the governing regional circuit law is

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the law of the Ninth Circuit. With respect to the question before us—whether a party appealing from a summary judgment order may point to any evidence that was introduced in the proceedings before the district court, or is limited to the evidence submitted in connection with the summary judgment motion—the Ninth Circuit has law that is both clear and directly on point. In Carmen v. San Francisco Unified School District, 237 F.3d 1026 (9th Cir. 2001), the court rejected precisely the same argument that Cygnus is raising here.

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Accordingly, under the rule set forth by the Ninth Circuit in Carmen, in ruling on the section 102(b) summary judgment motion we will not consider any part of the record that was not presented to or cited to the district judge in connection with that motion, even if that evidence can be found somewhere in the voluminous materials that are part of the record on appeal.

* * *

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The district court held that the computerized callback system met the "ready for patenting" prong of the Pfaff test because, in his February 12, 1997, declaration that was submitted to the PTO in connection with his patent application (the "1997 Alleman declaration"), Mr. Alleman admitted that his invention was reduced to practice before June 27, 1990.

* * *

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* * *

Alleman's sworn statement on reduction to practice. On page 181, Mr. Alleman discusses the use of the 386 system by Mr. Brenner and Mr.

Ghandour and their conversion to the Call Interactive system after April 25, 1991. That discussion does not

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call into question whether the 386 system constituted a reduction to practice. Most crucially, in the last of those pages, Mr. Alleman admits that before June 27, 1990, he "had built a system that the idea would work, but not necessarily commercially," thereby confirming the statement made in the 1997 Alleman declaration that his invention was reduced to practice.

Accordingly, we agree with the district court that Cygnus is bound by the statements that Mr. Alleman made in his declaration to the PTO, regardless of whether the declaration was necessary for the issuance of the patent. Cygnus simply failed to offer sufficient evidence before the district court to undermine the force of his sworn admission regarding the date that he reduced his invention to practice. As the Supreme Court explained in Cleveland v. Policy Mgmt. Sys. Corp., 526 U.S. 795, 807 (1999), "The lower courts . . . have held with virtual unanimity that a party cannot create a genuine issue of fact sufficient to survive summary judgment simply by contradicting his or her own previous sworn statement . . . without explaining the contradiction or attempting

to resolve the disparity." The Court added that although most of the cited lower court cases involved factual contradictions, "we believe that a similar insistence upon explanation is warranted here, where the conflict involves a legal conclusion." Id.

In his 1997 declaration, Mr. Alleman both directly stated that the invention was reduced to practice by June 27, 1990, and provided facts sufficient to support that conclusion.

* * *

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The 386 system was a functional computerized callback device as of June 1990, by Mr. Alleman's own admission in the 1997 Alleman declaration. Because the 386 system embodied the claims, sales relating to its use can constitute an invalidating commercial sale, regardless of the state of development of the larger Call Interactive system. For all these reasons, we affirm the district court's ruling that the invention met Pfaff's "ready for patenting" prong.

With respect to the argument that Mr. Brenner and Mr. Ghandour were merely "beta testers," the "district court properly concluded that

in light of the undisputed evidence that they paid to use the 386 system, there was a sale of the service. On

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appeal, Cygnus contends that it is a disputed question of material fact whether Brenner and Ghandour were "paying customers." Because the two of them were never deposed, Cygnus argues that the district court must have drawn inferences in favor of the defendants in order to rule in their favor, thereby contravening the summary judgment standard established in Adickes v. S.H. Kress & Co., 398 U.S. 144 (1970). However, Cygnus's characterization of the district court's ruling is inaccurate: the district court based its findings on statements from Mr. Alleman's 2006 deposition, including admissions that Mr. Alleman charged users "on a per minute basis" and that he billed them each month for the calls they made. In light of those admissions, the district court did not need to draw inferences in the defendants' favor to grant summary judgment, particularly in the absence of any suggestion by Cygnus that Mr. Alleman's testimony was false.

* * *

Although Cygnus relies on Adickes to suggest that defendants-appellees needed to disprove that Brenner and Ghandour were beta testers, more recent Supreme Court cases regarding the summary judgment standard make clear that Adickes does not support Cygnus's position here. Rather, AT&T has properly established a sale by relying on the Alleman testimony. See Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986) (moving party must "make a showing sufficient to establish the existence of an element essential to that party's case");

* * *

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* * *

The burden of production therefore fell on Cygnus to set forth specific facts to show that there was a genuine issue of material fact in the case. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986) ("Rule 56(e) provides that, when a properly supported motion for summary judgment is made, the adverse party 'must set forth specific facts showing that there is a genuine issue for trial'") (internal footnote omitted). Cygnus, however, provided no evidence below, and points to no sufficient reason on appeal, for why the deposition

testimony of its own inventor should be disregarded.

Cygnus also argues that Brenner and Ghandour's use of the 386 system did not involve a commercial sale because their use of the system was part of Mr. Alleman's experimentation and thus was excluded from commercial use by the experimental use doctrine. Cygnus claims that it was necessary to have Brenner and Ghandour call from abroad to test the system's functionality and troubleshoot any problems. The district court ruled that the experimental use doctrine did not apply after June 27, 1990, because the invention had been reduced to practice. We affirm the district court's ruling based on this court's law that "experimental use cannot occur after a reduction to practice."

* * *

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* * *

Cygnus also argues that as "a matter of fact and a matter of law," the district court's statement regarding public use in footnote 15 of the court's opinion "compels reversal of the on-sale bar." In that footnote, the district court stated: "This court does not reach defendants' argument that Mr.

Alleman's activity in providing service to individuals according to the method and system claimed in the patents-in-suit using his 386 system was public use of the claimed invention." Cygnus relies on that statement to argue that because the district court found no public use prior to the critical date, there could not have been any invalidating commercial use. Cygnus's argument, however, relies on a misreading of the district court's statement, which plainly indicates that it made no findings at all with respect to public use. Even if it had, there would be no necessary effect on the commercial use ruling. Accordingly, we hold that footnote 15 does not require reversal. The defendants also urge affirmance of the district court's holding of invalidity on the alternative ground of public use. Given our holding on commercial use, however, we do not need to reach that issue.

* * *

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* * *

Cygnus argues on appeal, as it did before the district court, that the statute of limitations should not have started running until 2005, when AT&T's counsel allegedly admitted during an in-court

argument that AT&T used Cygnus's technology in its 1996 callback services. Cygnus claims that it had no reason to suspect misappropriation by AT&T before that time, particularly because the negotiations between the two companies had led Cygnus to believe that AT&T would pay a royalty if it decided to use Cygnus's technology. Cygnus also argues that before the 2005 admission, it had no means of knowing whether AT&T was using the precise callback technology encompassed by its patents, or some variant of that technology.

We affirm the district court's ruling. Between knowing that AT&T had access to Cygnus's proprietary callback technology and knowing of AT&T's launch of its callback services, Cygnus had possession of sufficient facts to allege trade secret misappropriation, and that is all that Minnesota law requires. See Dalton v. Dow Chem. Co., 158 N.W.2d 580, 584 (Minn. 1968) ("The period within which the action must be brought commences when the right of action accrues.").

Cygnus also argues that AT&T fraudulently concealed its interest in Cygnus's callback technology, and that the statute of limitations should therefore be tolled. Although that argument was not made below, it would not merit reversal of the district court's decision in any event. The district court's ruling was based on its conclusion that Cygnus had enough information as of 1996 to file a trade secret misappropriation suit.

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against AT&T. Given Cygnus's possession of sufficient facts to state a claim, it is irrelevant whether AT&T may have concealed anything else.

* * *

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APPENDIX B

District Court Decision, March 30, 2007

E-filed on 3/30/07

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF
CALIFORNIA
SAN JOSE DIVISION

IN RE CYGNUS	No. MDL-1423
TELECOMMUNICAT	C-02-00142 RMW
IONS	C-02-00145 RMW
TECHNOLOGY,	C-02-05437 RMW
LLC, PATENT	C-03-03378 RMW
LITIGATION	C-03-03594 RMW
	C-03-03596 RMW
THIS ORDER	C-03-04003 RMW
RELATES TO:	C-04-03001 RMW
All Actions	C-04-03365 RMW
	C-04-04247 RMW
CLAIM	C-04-04359 RMW
CONSTRUCTION	C-06-03843 RMW
ORDER AND	C-06-04295 RMW
ORDERS ON	C-06-06479 RMW
VARIOUS	[MDL-1423 Docket #'s
SUMMARY	634, 674, 675,
JUDGMENT	679, 686, 688, 690,
MOTIONS	706, 746, 751, and
	755 and C-03-04003
	Docket # 102]

* * *

III. ON-SALE BAR

A. Statutory On-Sale Bar

By statute, "[a] person shall be entitled to a patent unless . . . the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." 35 U.S.C. § 102(b). The Federal Circuit has explained the on-sale bar:

In *Pfaff v. Wells Electronics, Inc.*, the Supreme Court held that a patent claim is invalid under the on-sale bar if two conditions are met: first, the invention must have been the subject of a commercial offer for sale more than one year before the patent application was filed; second, the invention must have been ready for patenting more than one year before the filing of the application. Reduction of the invention to practice is sufficient to satisfy the second condition.

Zacharin v. United States, 213 F.3d 1366, 1369 (Fed. Cir. 2000) (citation omitted). On April 24, 1992, Alleman filed the parent of the applications that eventually gave rise to the two patents-in-suit. '964 patent, ¶ [63]; '027 patent, ¶ [63]. Sale of, or offers to sell, the invention of the patents-in-suit

before April 24, 1991 (the so-called "critical date") invalidate them.

B. Ready for Patenting

In 1988, James Alleman founded Paragon Services International, Inc. By 1990, Paragon was providing long-distance phone service using what the parties refer to as the "black box system." This system required two phone lines for each user, as well as the "black box," which would receive a user's phone call on one line, place an outgoing call on the other, and bridge the two calls. The need for two lines and a black box per user made the black box system somewhat expensive. In 1990, Alleman developed what the parties refer to as the "386 system" and transferred Paragon's existing users over to it from the black box system.

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During prosecution of the '027 patent, Alleman stated to the PTO, "I reduced to practice the invention of the claims before June 27, 1990" as part of an attempt to swear behind prior art cited by the examiner. Wood Decl. (dkt. # 681), Ex. 7 (Feb. 11, 1997 Alleman Decl.) ¶¶ 3, 6. Alleman now seeks to distance himself from his 1997 declaration. In a November 2, 2006 declaration, Alleman states: I did not know what the legal term "reduced to practice" meant on March 11, 1997. The term

was drafted by counsel for Cygnus who was not familiar with the prosecution of the earlier patent applications It made no difference, as it turned out, because the references relied upon by the examiner in the parent case were all overcome in the Board of Appeals decision in 1998, which had nothing to do with the difference between June 1990 and April 1991. It was harmless error.

Alleman Decl. (dkt. # 700) ¶ 18.

"A party cannot create an issue of fact by supplying an affidavit contradicting his prior deposition testimony, without explaining the contradiction or attempting to resolve the disparity." *Sinskey v. Pharmacia Ophthalmics*, 982 F.2d 494, 498 (Fed. Cir. 1992), *abrogated in part on other grounds*, *Pfaff v. Wells Elecs.*, 525 U.S. 55, 67-68 (1998); *see also Kennedy v. Allied Mut. Ins. Co.*, 952 F.2d 262, 266-67 (9th Cir. 1991). A court should consider an explanation by the declarant as to why he later seeks to change his earlier sworn testimony. *Cleveland v. Policy Mgmt. Sys. Corp.*, 526 U.S. 795, 807 (1999). Here, there is no satisfactory explanation.

* * *

C. Offer for Sale

Alleman admits that while his 386 System was running in 1990, he charged users of the system for the costs of the calls that they made. Wood Decl. (dkt. # 681), Ex. 2 at 8-15 (Mar. 8, 2001 Alleman Depo. at 48, 64, 137-39). Cygnus argues that because Alleman made no profit from these transactions, they do not constitute a "sale" for purposes of § 102(b).

Whether a transaction generates a profit is not determinative of whether it constitutes a sale under § 102(b). *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1381 (Fed. Cir. 1998). In *Zacharin v. United States*, the Federal Circuit stated that "[a] contract to supply goods is a sales contract, regardless of the means used to calculate payment and regardless of whether the goods are to be used for testing in a laboratory or for deployment in the field." 213 F.3d at 1370. While Alleman provided services rather than goods, that is not a sound basis to distinguish *Zacharin*. Under the logic of *Zacharin*, payment constitutes a sale "regardless of the means used to calculate payment," and although Alleman may have only been charging his costs to the users, providing services in exchange for payment constitutes a sale. "A patent owner may have created an on-sale bar despite *losing* money on a sale." *U.S. Environmental Products Inc. v. Westall*, 911 F.2d 713, 717 (Fed. Cir. 1990).

Cygnus argues that the individuals who used his system prior to the critical date and paid his telephone charges were doing so for experimental purposes. However, Alleman's reduction to practice before June 27, 1990 cut off the ability to claim any experimental use. *See Zacharin*, 213 F.3d at 1369. However, even if Alleman's admission of reduction to practice before June 27, 1990, is ignored, Alleman further declared:

Before June 27, 1990, I had built a system that confirmed that my ideas would work. . . .

However in order to make the invention compatible with telephone equipment, I needed software to implement the steps and system of my invention.

* * *

23. The software I asked Mr. Gunther to prepare for me was completed by September, 1990. I was then in position to find a vendor for preparing a computer system for my invention, and marketing the invention to the public. To that end, I contacted a joint venture called "Call Interactive." The joint venturers were AT&T, long known for expertise in making telephone service and hardware, and American Express, long known for its marketing expertise. On October 15, 1990, I entered into a confidential disclosure agreement with Call Interactive regarding implementing and marketing my invention

24. After receiving the disclosure in confidence of my invention, Call Interactive successfully completed the installation and development plans for introducing the invention, and set the date of April 25, 1991, as the date of product introduction.

Wood Decl. (dkt. # 681), Ex. 7 at ¶¶ 6, 23-25. Alleman, therefore, had clearly entered into a contract for the marketing and sale of the alleged invention prior to the critical date. A "sale" occurs when the parties offer or agree to reach a contract to give and pass rights of property for consideration.

* * *

15 The court does not reach defendants' argument that Alleman's activity in providing services to individuals according to the method and system claimed in the patents-in-suit using his 386 system was a public use of the claimed invention.

APPENDIX C

*Federal Circuit Denial of Rehearing and Hearing
En Banc, October 7, 2008*

UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT
ORDER

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellant, and the petition for rehearing, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on October 14, 2008.

Dated 10/07/2008

APPENDIX D

Alleman Declaration, June 2, 1994

IN THE UNITED STATES PATENT AND
TRADEMARK OFFICE

In re Application of: James H: Alleman Filed:
June 2, 1994

Serial No.: 08/252,934 Group Art Unit

Docket: SL&W 162,002US1 Examiner:

Title: INTERACTIVE TELEPHONE SYSTEM
FOR
OPTIMIZING SERVICE ECONOMY

DECLARATION UNDER 37 CFR §1.131

Hon. Commissioner of
Patents & Trademarks
Washington, D.C. 20231

* * *

Page 1

* * *

Prior to December 2, 1991, I began
developing and experimenting with a "stand-alone
box" which was an early hardware implementation
of a call-back system. This early system only
allowed a caller to call into a dedicated telephone

line and the "stand-alone box" answered the line and connected the caller to a second telephone line. I began testing the "stand-alone box" on or about January 29, 1989 with Mr. Theo Brenner located in Switzerland with Mr. Fadi Ganhdour who was located in Jordan. Mr. Brenner and Mr. Ganhdour agreed to keep this experimental testing in confidence.

On or about April 29, 1990, design and development of a more advanced and computerized interactive telephone system for optimizing service economy was begun with the hiring of Mr. James Gunther of GTE, an engineer and software developer hired to implement my invention. As evidence of this development attached hereto and incorporated by reference herein are the following Exhibits:

* * *

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Exhibit C: Letter dated June 27, 1990 to Mr. James Gunter regarding the development and specifications of the "router" portion of the design. This letter includes, as attachments, descriptions of the DID six line support functionality, the router functionality and the software functionality as it existed on that date.

On or about October 15, 1990, discussions began between myself and Call Interactive, a joint venture of AT&T and American Express

Information Services Company. Call Interactive had the telephone infrastructure we desired as a platform for implementing the fully-functioning portion of this invention. This was a confidential relationship and Call Interactive was hired as a mere implementor of the present invention. As evidence of this, attached hereto and incorporated by reference herein is Exhibit D, a Confidential Disclosure Agreement between Paragon Services International, Inc. (the predecessor of the present assignee of interest) and [Call Interactive].

On April 25, 1991, the present invention was placed in public and commercial use using Call Interactive as the hardware and computer platform. See Exhibit E. Within one year of the initial operation of the present invention by Call Interactive, I filed the above identified patent application.

Between the time of initial software development of the computerized interactive telephone system for optimizing service economy by Mr. James Gunther in April 1990, until the activation of the service provided by Call Interactive on April 25, 1991, some public experimental use was conducted of the present invention. The present invention required overseas

telephone experimentation to test system functions over long distance international lines. For example, voice quality improvements when bridging international calls, the timing of signals, elimination of false signals to the computer, sizing of the telephone line circuits and the refinement of improper dialing procedures. This experimental

Page 3

period was termed "beta" testing.

* * *

Page 4

Attachment: The October 15, 1990, Confidential Disclosure Agreement between Paragon and Call Interactive

CALL INTERACTIVE Headquarters Office,
2301 North 117th Avenue, Omaha, NE 68164 Tel:
(402) 498 7000 Fax: (402) 498-7900

A joint venture of American Express Information Services Corporation and AT&T

October 15, 1990

Mr. James Alleman
Acting CEO
Paragon Services International, Inc.
405 South 16th Street, Suite 1401

Omaha, NE 68102-2614

Dear Jim:

In connection with a prospective business relationship between Call Interactive and Paragon, our discussions will involve information which Call Interactive or Paragon considers confidential, proprietary and/or sensitive ("CONFIDENTIAL INFORMATION").

Each of Call Interactive and Paragon agrees to keep confidential and to use solely for purposes of these discussion and related presentation material of October 15, 1990, any Confidential Information provided to it by the other (the "Providing Party") in connection with these discussions including PSI's Business Plan, slides and related material used in PSI's presentation of October 15, 1990. As used herein, "Confidential Information" shall mean any non-public, confidential proprietary information provided by the Providing Party to the other (the "Receiving Party") relating to this Agreement, the services to be rendered hereunder or the transactions contemplated hereby, including without limitation, pricing and material terms and conditions of these discussions and any Supplement, intellectual property, enabling software, programming and the computer based interactive system developed by Call Interactive

(the "System"), except that Confidential Information does not include any information that:

- (i) is required by law to be disclosed;
- (ii) that is provided orally, unless prior to the communication of such information, the Receiving Party is advised that it is non-public, proprietary and confidential and has agreed to accept such information, and within 30 days after the day on which first communicated it is designated as Confidential Information in writing by the Providing party (and the parties agree in writing that such writing accurately represents the previous oral disclosure)

* * *

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* * *

All Confidential Information shall remain the property of the Providing Party and not be used by the receiving party in any manner what so ever without prior written consent of the providing party. Confidential information shall be returned to the Providing Party upon its request or upon the Receiving Party's determination that it no longer has a need for such Confidential Information.

Each of Call Interactive and Paragon agrees that if there is a breach of threatened breach of this Agreement, money damages would not be sufficient remedy, and that the providing party shall be entitled to appropriate injunctive or other equitable relief as a remedy for any such breach or threatened breach.

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Nothing herein shall be construed as prohibiting the Providing Party from pursuing any other remedies for such breach or threatened breach.

This agreement shall be governed by the laws of the State of New York, without regard to conflicts of laws principles.

This agreement may only be amended in writing by both parties.

Please acknowledge your agreement with the foregoing by signing a copy of this letter in the space provided and returning it to the undersigned.

We look forward to working with you toward a mutually beneficial relationship.

Very truly yours,

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CALL INTERACTIVE

**By: James Anderson
Senior Vice President &
Chief Administrative Officer**

**Accepted and Agreed to:
By: James Alleman
Acting CEO**

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Attachment: The March 6, 1991 Letter re Turn-up date

Jim Alleman
Paragon Services
International, Inc.
405 South 16th, Suite 1401
Omaha, NE 68102-2614

Dear Jim:

We are very pleased that negotiations have been successfully completed between our two companies. We look forward to a long and rewarding relationship.

Our technical team is moving ahead full speed with the development of the service and we appear to be on schedule for our turn-up on April 25, 1991.

Again, welcome to Call Interactive.

Sincerely,

James E. Anderson
Sr. Vice President
Chief Administrative Officer
JEA/jh

Attachment: The June 27, 1990, Letter from Alleman to
Gunther

PARAGON SERVICES INTERNATIONAL, INC.
405 SOUTH SIXTEENTH STREET * SUITE 1401
* OMAHA, NE 68102

June 27, 1990

Jim Gunther
GTE
4500 Fuller Drive, F03A25
Irving, TX 75015-2092

Dear Jim,

The attached note gives more specifications on "the router" and the functionality it should have. Thus far, it seems to work fine on calling back and on the cross connect. The release of the second line, however, is sometimes a problem. It may only be on the two lines I am using, which have custom calling features. I will continue to monitor this on outside calls. I think there is a function that allows the system to hang up.

In addition, I am enclosing my versions of PKARC and PKXARC and Procom, although your system seems to handle the transfer quite adequately. We

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now need to move forward on the DID software. I have written this up as a separate section.

Things are moving forward quickly.

Warm regards,

Jim

JA/gh

Attachments

P.S. I've also included an earlier software write-up. Most of this seems to be in your program already.

Page 1

DID's 6 line support Functionality

The DID software initially support 1 DID trunk, terminating in one of the D4x boards. Twenty (20) to one-hundred (100) DID numbers should be handled.

Then, the phone list (phone.lst) would provide the support for this number of DID's. Initially, PSI will have six (6) lines in service, outgoing. (They are 342-5206, 341-0198, 345-0294, 342-5228, 341-0173 and 345-0181). The last two numbers are the last

ones the program should call - - they are the ones I use at home.

This will allow the test of the system with several customers and estimate the need for T1 carriers and get a better sense of the demands on the system.

The Router Functionality

In addition to the call back connection features, the router should have a variety of functionalities that the software currently does not provide.

- 1) Automatic redial on the first call if a failure occurs. The 3rd or 4th attempt should be on an ATT override, i.e. 10288 followed by the appropriate digits.
- 2) Pressing the star twice (**) should disconnect the current call and allow the user to make another call. (This avoids an accidental disconnect.)
- 3) A voice warning to the user that too many or too few digits have been dialed or if a time-out occurs.
- 4) A warning to the user that the time-out is about to occur and will terminate the call. The user could start over by pressing star twice (**).

5) The search to find the first open pair to returns calls (Is this functionality already there?).

More items can be added to this list, but these are the priorities.

6-27-90

Page 2

Long Term Considerations

Proposed Additional Functionality of the Router Software and Hardware.

In addition, the Router software and hardware should be capable if handling fax services, providing electronic mail boxes and storing forward mail boxes and Telex services via the PSI network. This would be quite useful to individuals here in different time zones.

6-27-90

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Software Functionality

1. Recognize the existence of an incoming call to a specific line or DID number.
2. Determine if it rings more than one time. If so, begin the initialization of a call to the identified caller.
3. If the call rings longer than five (5) rings, terminate the call initiated in 2, above.
4. Determine if the call initiated in 2 above a ringing at the destination, trunk busy or "cannot call at this time."
5. Re-initiate the call if it is not ringing at the destination and continue to re-initiate the call until it rings at the destination (i.e. repeat 4) or until fifteen minutes has passed.
6. Listen for an answer to the call. Upon detection of answer, give voice response "Please dial now and terminate with *."
7. Listen for digits dialed and *. Have a time-out function if no digits are dialed in two (2) minutes or no activity on line.

8. Listen for action on line and **.
9. Upon detection of ** sign, offer voice response to initiate the next call.
10. Repeat 7, 8, and 9 until hook or ** sign is detected. . (Time-out function of 7 is fall back.).
11. If on line detected, hand up and prepare for next calls.
12. Match caller (on first line) and calls on second line i.e. callers I.D., time of day, date, the number(s) called, and minutes called.
13. Off load data captured in 12 at specified intervals: use one (1) hour initially.

6-27-90

APPENDIX E

Alleman Declaration, March 11, 1997

Docket No. PARA-1479

IN THE UNITED STATES PATENT AND
TRADEMARK OFFICE

Applicant: ALLEMAN) Examiner: MATAR

Serial No:) Group Art Unit:
2601

Date Filed: 02/12/97)
DECLARATION OF JAMES H. ALLEMAN
) UNDER 37 CFR §

1.131

Title: INTERACTIVE TELEPHONE SYSTEM FOR
MAKING LOW COST LONG DISTANCE
TELEPHONE CALLS

Applicant:) Examiner: MATAR
ALLEMAN

Serial No:) Group Art Unit: 2601

Date Filed:) DECLARATION OF JAMES
02/12/97) H. ALLEMAN UNDER 37
CFR § 1.131

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* * *

6. I reduced to practice the invention of the claims before June 27, 1990. On that date, I wrote a letter to a programmer named Jim Gunther, whom I knew to be qualified in the field. I retained Mr. Gunther to write software to perform the steps of my method and the system of the apparatus claims of the invention. Before June 27, 1990, I had built a system that confirmed that my idea would work. I had custom hardware prepared by a New York contractor. I purchased a computer and wanted it programmed for the various functions to be performed. However, in order to make the invention compatible with telephone equipment, I needed software to implement the steps and system of my invention.

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* * *

23. The software I asked Mr. Gunther to prepare for me was completed by about September, 1990. I was then in a position to find a vendor for preparing a complete system for my invention, and marketing the invention to the public. To that end, I contacted a joint venture called "Call Interactive." The joint venturers were

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AT&T, long known for expertise in making telephone service and hardware, and American Express, long known for its marketing expertise. On October 15, 1990, I entered into a confidential disclosure agreement with Call Interactive regarding implementing and marketing my invention. Attached as Exhibit 3 is a true copy of that agreement.

24. After receiving the disclosure in confidence of my invention, Call Interactive successfully completed the installation and development plans for introducing the invention, and set the date of April 25, 1991, as the date of product introduction. Attached as Exhibit 4 is a true copy of a letter dated March 6, 1991, that I received from Call Interactive setting forth the date for market introduction.

* * *

APPENDIX F

Gunther Declaration, February 13, 2002

UNITED STATES DEPARTMENT OF
COMMERCE

PATENT AND TRADEMARK OFFICE

Application No. 09/466,504

Filing Date: 12/17/99

Inventor: James Harry Alleman

Group Art Unit: 2642

Examiner: Hector Agdeppa

DECLARATION OF JAMES GUNTHER

* * *

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5. I developed the software on my own PC at my home at Dr. Alleman's PC in Omaha. I did no work on either phase of the project using GTE time, facilities, or equipment. The software was loaded onto Dr. Alleman's PC in the spare bedroom in Dr. Alleman's apartment in Omaha, Nebraska, and tested it to determine whether it would work in a prototype setting although it was not known whether it would scale for commercial applications. It worked to the extent the calls could be made and bridged, but PC failures and network failures could

not be addressed by the system as installed as a prototype. Moreover, for a commercial application, redundancy is required, sometimes double or triple redundancy, to keep the system up even if some element fails. Service around the clock and seven days per week is needed to respond to users and to trouble-shoot. Diagnostic tools must be readily available for trouble-shooting. At the time I was working on the software, there was no way to know whether it would serve in a commercial application with many subscribers, many lines, and many networks. The invention was not reduced to practice when the software was developed. I did not work on the development of the commercial embodiment of the invention. A commercial enterprise could not have been conducted from Dr. Alleman's spare bedroom. Only after scale-up of the prototype to a commercial level could one know whether the invention worked in the intended manner.

* * *

APPENDIX G

Federal Circuit Order, January 22, 2008

UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

No. 20, -1329, -1330, -1331, -1332, -1333, -1354, -
1361

IN RE CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC. PATENT LITIGATION

CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC.

Plaintiff-Appellant,

v.

TELESYS COMMUNICATIONS, LLC,

Defendant-Appellee,

and

UNITED WORLD TELECOM, L.C.,

Defendant-Appellee,

and

WORLD LINK COMPANIES,

Defendant-Appellee,

and

A.M.S. VOICECOM, INC.,

Defendant-Appellee,

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and
INTERACTIVE MEDIA TECHNOLOGIES, INC.
(doing business as Global Tel),
and
VOICEWARE SYSTEMS CORPORATION, DIAL-
THRU INTERNATIONAL, INTERNATIONAL
TELECOM, LTD., KALLBACK, INC., and
GLOBALPHONE CORP.,
Defendants-Appellees,
and
AMERICOM COMMUNICATIONS and
AMERICOM, INC.,
Defendants-Appellees,
and
TELCAN INCORPORATION, ANDREW
KAWESKI, MAXTEL COMMUNICATIONS,
ALLIANCE CALLBACK COMMUNICATIONS,
and ACCESS NETWORK SERVICES
Defendants

ON MOTION
Before RADER, Circuit Judge.

ORDER

* * *

Page 2

* * *

The appellees argue that the joint appendix includes several documents that are not part of the record on appeal. Cygnus argues in response that all of the documents contested by the appellees are part of the record.

The appellees' motion to strike is not well taken. As a preliminary matter, we note that a motion to strike "is prohibited as long as the party seeking to strike has the right to file a responsive brief in which the objection could be made." See Fed. Cir. R. 27(e). The appellees should have included their objection in their brief. Furthermore, the basis of many of the appellees' objections is that certain documents were not filed in the district court concerning the issues that are raised on appeal. For example, the appellees state, "Page 124 of the Thompson deposition that was not cited or argued in the Claim Construction and Section 102 pleadings, but was part of Exhibit 78 to Reply to Opposition re 675 Joint Motion for

Summary Judgment of Invalidity Under 35 USC 112 . . . filed 11/13/06 before the District Court; the issue of invalidity under Section 112 is not an issue on appeal.” The appellees misunderstand what comprises the record on appeal. Pursuant to Fed. R. App. P. 10(a), the record on appeal consists of, inter alia, “the original papers and exhibits filed in the district court.” If a document was filed in the district court, it is part of the record on appeal even if the document was filed in connection with a particular legal issue

As stated above, the appellees should have moved in their brief to strike any improper material. Because the appellees must refile their brief to correct appendix citations, they may also edit their brief to include the request to strike documents that they believe are not part of the record. Cygnus may, if it wishes, file a replacement reply responding to any motion to strike included in the appellees’ brief.

Accordingly,

IT IS ORDERED THAT:

- (1) Cygnus's motion to withdraw Volume V of the appendix is granted.
- (2) The appellees' motion to strike is denied.

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APPENDIX H

Deposition of Alleman, September 8, 2006

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF
CALIFORNIA
SAN JOSE DIVISION

IN RE CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC, PATENT LITIGATION
Case No. MDL-1423 RMW

VIDEOTAPED DEPOSITION OF JAMES H.
ALLEMAN, Ph.D.

San Francisco, California

Friday, September 8, 2006

Volume 1

Cover

* * *

I said I would like this functionality, and he
programmed it.

Q. Was Mr. Gunther involved in any efforts to refine the system?

A. He, he took back a Dialogic board with him and set up a kind of faux bridge to test the system.

* * *

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* * *

Certainly, the 386 embodiment was very experimental and was not commercial. It could not scale up. As I already stated, it didn't have the redundancy either of the computer or even power features that would admit a lot more lines into the system. There was just no way that that could have become commercial, as I saw it.

* * *

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* * *

But I recall that it was only, the way it was configured, there could only be two simultaneous calls. So it was a very chancy situation if I had too many beta testers, because they would collide and make, and not get service. Calls would be dropped, and they couldn't get the dial tone and so forth.

* * *

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* * *

So what, so, at some point in time, I took Teo Brenner and Fadi Ghandour off the boxes, because I had two boxes at that time, and moved them over to the DID system, to test that functionality.

* * *

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* * *

A. Yes. The, well, we didn't, we, we understood that the functionality would work for one or two customers. There were issues of voice quality, ensuring that -- the big issue was whether or not we could expand that to 10, 20, or go into some kind of commercial basis, up to 100 or 1,000 customers.

* * *

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* * *

The black boxes were costing \$1,000 a box,

* * *

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* * *

A. No. The particular term of art, beta testers, is a term of art that's used in the software industry to describe a system that's incomplete and has flaws and foibles, and you want to get them out.

So I always considered these individuals as testers or evaluators of the system.

* * *

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* * *

We were sending them invoices to cover the direct cost of running the experiment, and they didn't mind, because that direct cost was lower than the cost that they would have incurred if they had used their home telephone system to make those calls.

* * *

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* * *

A. Yes, this appears to be my document.

Q. Look at the second page of this document, in paragraph 5. In the first sentence, would you read that, please.

A. Paragraph S starts, I conceived of the present invention in the United States before March 21, 1990, or March 21 --

Q. No. Just the first sentence is all we want. And paragraph 6. Do you see that?

A. Yes.

Q. Would you read the first sentence there.

A. This sentence is actually in error,

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but the sentence reads, I reduced to practice the invention of the claims before June 27, 1990.

Q. Okay. And you say that that's in error; is that correct?

A. Yes. Yes.

Q. When did you learn that that was in error?

A. I think I developed this document in conjunction with my attorney, Mr. Sutton, and, as I said, I'm not a patent attorney, and I didn't understand the term of art. So I have understood since then that reducing to practice is not what I had done in that time period.

Q. Was it prepared by Mr. Sutton?

A. I think Mr. Sutton and I were just getting involved at that time, and so there was some misunderstanding.

Q. So Mr. Sutton prepared this document; isn't that right?

A. This was a joint document that I prepared that Mr. Sutton helped with.

Q. And he actually, he actually wrote the document and gave it to you; is that right?

A. He helped with the document, yes. I can't

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recall who did the first draft.

Q. And what's the basis of your belief that this was in error?

A. I believe that this term of art, reduced to practice, was not what I intended it to be. In other words, this is a, from my understanding . . . this is a legal definition that, that doesn't fit what I had done.

* * *

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* * *

A. You can't answer that question with a yes or no answer. The functionalities were there, but incomplete in the sense that you had dropped calls, you had incomplete signaling, you had, you didn't, you weren't always able to seize the second outbound trunk.

But, in concept, with refinement, the functionality was there. So I was convinced at that time that it could be built.

* * *

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* * *

I had built a system that confirmed the idea would work, but not necessarily commercially, but the idea of being able to employ DIDs, et cetera. . . that didn't mean the

* * *

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quality was there, it didn't mean there weren't problems, and it didn't mean that it was scalable to commercial application.

* * *

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* * *

If I, it turned out that Call Interactive did have a set of 386 computers, and voice response units, but they were networked together

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* * *

So you need redundancy to scale up the operation. You need power backup to scale up the operation. You need 24/7 people to ensure that the service is performing as expected, and can correct problems as they develop.

* * *

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APPENDIX I

Transcript before Judge Whyte, Jan. 21, 2005

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IN RE: CYGNUS) MDL-1423 RMW
TELECOMMUNICATIONS) SAN JOSE,
TECHNOLOGY, LLC.) CALIFORNIA
) JANUARY 21,
) 2005
PAGES 1-23

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE RONALD H.
WHYTE
UNITED STATES DISTRICT JUDGE

* * *

Page 1

* * *

[argument by counsel for AT&T]

I WOULD POINT OUT THAT THE
TECHNOLOGY THAT'S EMBODIED IN THE
PATENT IS EXACTLY THE SAME

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TECHNOLOGY THAT IS THE SUBJECT OF THE
TRADE SECRET CLAIM.

* * *

IT'S EXACTLY THE SAME TECHNOLOGY. IT'S
EXACTLY THE SAME THING THAT WAS BEING
USED."

* * *

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APPENDIX J

Letter AT&T to Paragon, October 21, 1996

J. Juliano
Manager
Public Suggestions
Analysis

AT&T
Room 1203P1
295 North Maple
Avenue
Basking Ridge, NJ
07920
908 221-4332

October 21, 1996

Mr Perry Wyatt, President
Paragon Services International
510 First Avenue North, Suite 301
Minneapolis, MN 55403

Dear Mr Wyatt:

This is in further reference to your letter of July 15 and your subsequent telephone discuss with Mr. Gallagher of my organization regarding an international callback technology. Please accept my apology for the length of time it has taken to respond.

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We have completed our review of the submitted material and have reached the conclusion that it does not contain any novel features which are of a present interest to AT&T.

Nevertheless, Mr. Wyatt, we appreciate the opportunity you have given us to consider the proposal. Thank you very much for your interest.

Sincerely

A.J. Juliano

APPENDIX K

Email Mays to Wyatt, August 22, 1996

INTERNET: Deborah.Mays@cw.cablew.com
TO: Perry Wyatt, 75357.1706

* * *

Date: Thu, 22 Aug 1996 10:50:57 - 0400

hi - how are you?! Having a fun summer? I'm just starting to and it's almost over. I saw the article below and thought of you...I'm sure you're aware of it. So how's business? What else is new? Write or call!

Deb

AT&T is planning to utilize international callback when it introduces SDN Alternate Network Access for customers of its Software Defined Network (SDN) service. Through the service, overseas employees of SDN user companies can make calls to another country without incurring international direct-dial rates by calling a number in the U.S. to get a U.S. dial tone. Also eligible for the service are Tariff 12 users, whose AT&T billing plans generally incorporate SDN-like functionality. An AT&T official stated that the company, which once

opposed international callback, plans to make SDN Alternate Network Access available in countries where primary carriers are not participants in AT&T's WorldSource consortium. -- Network World, August 5, p. 21